

Message Text

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ACTION COME-00

INFO OCT-01 EA-10 ISO-00 EB-07 RSC-01 SSO-00 /019 W

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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC IMMEDIATE 6660

UNCLAS TOKYO 16170

E.O. 11652: N/A

TAGS: BEXP, JA

SUBJECT: EXPORT PROMOTION

REF: STATE 268519

1. EMB HAS NO INFORMATION TO SUBSTANTIATE ASSUMPTION THAT GOJ DIRECTLY OR THROUGH JETRO HAS INTENSIFIED EXPORT EXPANSION EFFORTS. ON CONTRARY, JETRO'S OVERSEAS TRADE CENTERS AND EXHIBIT AREAS, WHICH WERE BEING GRADUALLY PHASED DOWN, WERE ALL FINALLY CLOSED IN APRIL 1974. JETRO'S REASON FOR CLOSING THEM WAS THAT ITS PRIMARY OBJECTIVE WAS NO LONGER EXPORT PROMOTION, AND THAT IMPORT PROMOTION AND OUTWARD INVESTMENT WERE EQUALLY IMPORTANT AFTER THE LARGE TRADE SURPLUSES OF THE EARLIER SEVENTIES. JETRO'S OVERSEAS OFFICES NOW SERVE PRIMARILY AS BUSINESS INFORMATION CENTERS WITH STAFF USED FOR MARKET SURVEYS AND MANAGEMENT OF EXHIBITIONS IN HOST COUNTRY DOMESTIC FAIRS.

2. AS TIGHT MONEY POLICY BECAME INCREASINGLY EFFECTIVE AND DOMESTIC ECONOMY SLACKENED, WITH CONSEQUENT REDUCED DOMESTIC DEMAND, TRADING FIRMS AND MANUFACTURERS - WITH PRODUCTION CONTINUING AND INVENTORIES INCREASING - NATURALLY INTENSIFIED THEIR EXPORT EXPANSION EFFORTS. HOWEVER, AS FAR AS WE CAN DETERMINE THERE HAS BEEN NO OVERT GOJ OR JETRO INITIATIVE TO INCREASE EXPORTS. WE HAVE ALSO DISCUSSED MATTER WITH BRITISH ECON COUNSELOR WHO ALSO UNAWARE OF ANY UNUSUAL EXPORT PROGRAMS, SUBSIDIES OR SUBTLE CAMPAIGN VIA "ADMINISTRATIVE GUIDANCE" TO

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PROMOTE INCREASED EXPORTS. IN FACT GOJ APPEARS

SOMEWHAT EMBARRASSED AND SURPRISED THAT EXPORTS CONTINUE AT SUCH A HIGH RATE.

3. BIG INCREASE IN JAPAN'S EXPORTS HAS BEEN LED BY STEEL AND CHEMICALS, BOTH CHARACTERIZED BY WORLD SHORTAGE AND BUOYANT DEMAND, PLUS AUTOMOTIVE PRODUCTS WHERE HIGH-QUALITY, LOW GAS CONSUMPTION JAPANESE PRODUCTS MATCHED SWITCH IN CONSUMER DEMAND IN LATE 1973 AND EARLY 1974. IN ADDITION JAPAN'S GENERAL EXPORT COMPETITIVENESS HAS NOT WEAKENED AS MUCH AS EARLIER ANTICIPATED. BELIEVE ANY NEW SUBSIDIES, SPECIAL CREDITS OR OTHER INCENTIVES WOULD HAVE BEEN APPARENT BY NOW IF THEY HAD BEEN EFFECTED.

4. GREATEST RATE OF INCREASE IN JAPAN'S EXPORTS HAS BEEN TO MIDDLE EAST, WHERE EXPORTS INCREASED 90.5 PERCENT IN FIRST NINE MONTHS OF 1974 OVER CORRESPONDING PERIOD 1973 AND TO MAINLAND CHINA AND USSR WHERE INCREASES WERE 80.9 AND 98.8 PERCENT, REPECTIVELY OVER THE 1973 NINE-MONTH PERIOD. THIS COMPARES WITH INCREASE OF ONLY 37.9 PERCENT TO ADVANCED ARAS, WITH INFLATION NOT TAKEN INTO ACCOUNT (TOKYO A-707).

5. TOKYO'S AA-653, OCTOBER 17, 1974, RESPONDED TO DEPARTMENT'S A-6496.
SHOESMITH

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